

**Minutes of the Regular Meeting of the  
Board of Trustees of the Monroe County  
Employees Retirement System**

Regular meeting of the Board of Trustees of the Monroe County Employees Retirement System held on June 23, 2008 at 5:00 P.M. in the Board of Commissioner's Meeting Room at 125 E. Second St., Monroe, Michigan.

PRESENT: Clayton Charron, Nancy Colpaert, Jim Davies, Pam Jones, Henry Lievens, Jim Morgan, William Sisk (arrived at 5:05) and David Thompson.

ABSENT: George Jondro, excused

ALSO PRESENT: Debra Elmore, Retirement Specialist; Charles Londo, Secretary; Sam Galanis and Michael Cho, Consultants and Thomas Michaud, Legal Counsel

With a quorum being present, Chairman Thompson called the meeting to order at 5:00 P.M.

Motion by Jim Morgan, supported by Jim Davies to approve the minutes of the May 12, 2008 meeting as submitted. All in favor, motion carried.

Motion by Nancy Colpaert, supported by Pam Jones to approve the agenda as submitted. All in favor, motion carried.

**Citizens Time** – none

**Presentations**

Cathy Nagy from Gabriel, Roeder, Smith & Co. presented the December 31, 2007 actuarial valuation to the Board of Trustees. Ms. Nagy stated employer contribution rates have fluctuated slightly since the 2006 valuation as a result of favorable investment performance working its way through the asset smoothing method and an offset by unfavorable demographic experience for some of the divisions.

Plan experienced an overall gain of \$497,009. County Agency and Central Dispatch had more fluctuation in contributions due to them being such a small group. Sheriff's Office had a good increase in employee contributions due to benefit changes and the fact the some groups are no longer making employee contributions. The Plan is well funded.

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The return for 2007 was 7.80%, which was .80% over the projected 7.0% that the actuary expects. Ms. Nagy advised the Board to consider another experience study to see if the assumptions that are used for the actuary need to be updated. Chairman Thompson asked her to prepare an engagement letter for the experience study.

Motion by Jim Davies, supported by Clayton Charron to accept, place on file, approve the recommendation of the actuary to authorize the transfers from the employer reserves to the retiree reserves to cover the unfunded amount for each division except for the Sheriff's Office and Central Dispatch as stated under Comment A in Section B (page B-5) and to set the employer contribution rates for 2009. All in favor, motion carried.

Michael Serchen from Anchor Capital Advisors reviewed the investment portfolio for the Board. Anchor Capital outperformed their benchmark, which is the Russell Midcap Value Index, since inception at 14.6% net as opposed to their benchmark at 12.2%. The one-year mark is minus 5% as opposed to the benchmark at minus 14.0%. They hold a cash position of 28.8%. Cash was at 32% at the end of 2007.

Motion by Bill Sisk, supported by Nancy Colpaert to approve consent agenda as submitted below:

**A. Retirements**                      Connie Herzog, County Health                      June 1

**B. Financial Reports – On File with Retirement Specialist**

1. Comerica Bank Consolidated Statement, Cash Account Statement, AllianceBernstein Capital Management, Anchor Capital Advisors, Boyd Watterson Asset Management, Brandywine Asset Management Global, Brandywine Asset Management LCV, NWQ Investment Management and International Value Equity, Pacific Income Advisors, Templeton Portfolio Advisors for period 04/01/08 through 05/30/08 and Securities Lending for March and April, 2008.
2. AllianceBernstein Capital Management portfolio summary for period ending March 31, 2008.
3. Boyd Watterson Client Statement for period ending April 30, 2008.
4. Brandywine Global Fixed Income and Large Cap Value portfolio for April and May 2008.

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5. Morgan Stanley vision account for AllianceBernstein, Anchor Capital Management, Brandywine Global, NWQ International and LCV for period ending April 30 and May 31, 2008.
6. NWQ Investment Management portfolio for period ending March 31, 2008.
7. Pacific Income portfolio appraisal for period ending April 30, 2008.
8. Templeton Portfolio Advisors quarterly report for period ending March 31, 2008.
9. Tradewinds Global Investors investment portfolio and transaction summary for period ending March 31, 2008.

**C. Communication**

1. Letter dated May 22, 2008 from Morgan Stanley concerning a check in the amount of \$745.52 for a cash sweep fee refund from former manager Madison Investment Advisors.
2. Brandywine Global April 2008 Market Commentary.
3. Letter dated May 23, 2008 from Franklin Templeton Investments concerning a check in the amount of \$70.00 which represents the proportionate share of the remaining balance of the Elan Securities Litigation Settlement Fund.
4. GRS Insight, April 2008, NewsScan April/May 2008 and GRS Research Memorandum dated May 15, 2008.
5. Market update from NWQ Investment Management Co. dated April 29, 2008.
6. Market update from Tradewinds Global Investors dated May 14, 2008.

All in favor, motion carried.

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**Invoices**

Motion by Jim Davies, supported by Pam Jones to approve for payment the following invoices, subject to house audit:

1. Invoice #20080331-10668-A dated May 13, 2008 in the amount of \$27,439.59 from AllianceBernstein for investment management fees for 1<sup>st</sup> quarter 2008.
2. Invoice #9138 dated May 30, 2008 in the amount of \$785.67 from Apex Micrographics, Inc. for scanning of Retirement Board Agendas.
3. Invoice #49030308 dated May 22, 2008 in the amount of \$10,840.01 from Brandywine Global Investment Management for investment management fees (large cap value) for 1<sup>st</sup> quarter 2008.
4. Invoice #80330308 dated May 13, 2008 in the amount of \$23,134.09 from Brandywine Global Investment Management for investment management fees (global) for 1<sup>st</sup> quarter 2008.
5. Invoice dated April 30, 2008 in the amount of \$1,336.00 from Comerica Commercial Card Service for registration fees and hotel deposits for 2008 MAPERS Spring Conference.
6. Invoice dated May 30, 2008 in the amount of \$14,629.42 from Comerica Commercial Card Service for expenses incurred at the 2008 NCPERS Annual Conference.
7. Invoices in the amount of \$2,750.00 (\$550.00 for each exam) from Dr. Steven Dovitz for IME on the following disability retiree re-examinations: Sheila Stiner-Casey, Roger Lambert, Nicholas Musulin, Denise Smith and Robert Vanisacker.
8. Invoice dated April 29, 2008 in the amount of \$39,882.43 from Franklin Templeton Investments for investment management fees for 1<sup>st</sup> quarter 2008.
9. Invoice #1121 dated May 2, 2008 in the amount of \$12.31 from Monroe County Finance Department for April 2008 postage.

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10. Invoice #1133 dated June 2, 2008 in the amount of \$87.14 from Monroe County Finance Department for May 2008 postage.
11. Invoice dated April 23, 2008 in the amount of \$64,971.04 from Morgan Stanley for vision account management fees for 1<sup>st</sup> quarter 2008.
12. Invoice #20080510002924 dated May 1, 2008 in the amount of \$17,437.11 from NWQ Investment Management Company for investment management fees for 1<sup>st</sup> quarter.
13. Invoice #20080510003043 dated May 1, 2008 in the amount of \$36,502.43 from Tradewinds Global Investors for investment management fees for 1<sup>st</sup> quarter 2008.
14. Reimbursement in the amount of \$167.66 to Clayton Charron for expenses incurred at the 2008 MAPERS Spring Conference.
15. Reimbursement in the amount of \$131.36 to Nancy Colpaert for expenses incurred at the 2008 NCPERS Annual Conference.
16. Reimbursement in the amount \$203.65 and \$169.18 to Debra Elmore for expenses incurred at the 2008 NCPERS Annual Conference and the 2008 MAPERS Spring Conference.
17. Reimbursement in the amount of \$259.19 and \$174.23 to George Jondro for expenses incurred at the 2008 NCPERS Annual Conference and the 2008 MAPERS Spring Conference.
18. Reimbursement in the amount of \$168.63 and \$187.47 to Pam Jones for expenses incurred at the 2008 NCPERS Annual Conference and the 2008 MAPERS Spring Conference.
19. Reimbursement in the amount of \$6.10 to Charles Londo for expenses incurred at the 2008 MAPERS Spring Conference.
20. Reimbursement in the amount of \$123.06 and \$198.56 to David Thompson for expenses incurred at the 2008 NCPERS Annual Conference and the 2008 MAPERS Spring Conference.

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All in favor, motion carried.

**Refunds**

Motion by Bill Sisk, supported by Jim Davies to pay they following refunds:

- |    |   |             |
|----|---|-------------|
| 1. | Richard Barkenquast, Central Dispatch         | \$21,303.95 |
| 2. | Monroe Bank & Trust (FBO Richard Barkenquast) | \$19,778.38 |
| 3. | Constance Herzog, County Health               | \$18,601.71 |

All in favor, motion carried.

**Retirement Payments**

Motion by Pam Jones, supported by Jim Morgan to pay the following retirement payments:

- |    |   |            |
|----|---|------------|
| 1. | Richard Barkenquast, Central Dispatch<br>(pro-rated April – 82.14; May – 1,232.20; June – 1,232.20) | \$2,546.54 |
| 2. | Constance Herzog, County Health   | \$2,186.72 |

All in favor, motion carried.

**Communications**

Disability retiree re-examination letters from Dr. Steven Dovitz for the following:

1. Sheila Stiner-Casey, Sheriff's Office, dated May 30, 2008
2. Roger Lambert, Central Dispatch, dated June 4, 2008
3. Nicholas Musulin, Buildings & Grounds, dated June 6, 2008
4. Denise Smith, Sheriff's Office, dated May 28, 2008
5. Robert Vanisacker, Road Commission, dated May 29, 2008

Motion by Henry Lievens, supported by Jim Davies to accept and place on file.  
All in favor, motion carried.

**Proposed Resolutions**

Motion by Nancy Colpaert, supported by Pam Jones to accept and place on file  
the following resolutions:

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1. Michael Bezeau, Road Commission – Application for Service Retirement
2. Daniel Brooks, Juvenile – Application for Deferred Retirement
3. Michael Cerelli, Library – Application for Service Retirement
4. Constance Herzog, County Health – Service Retirement
5. Richard Barkenquast, Central Dispatch – Disability Retirement
6. Sheila Stiner-Casey, Sheriff's Office – Disability Re-examination
7. Roger Lambert, Central Dispatch – Disability Re-examination
8. Nickolas Musulin, Bldgs & Grnds – Disability Re-examination
9. Denise Smith, Sheriff's Office – Disability Re-examination
10. Robert Vanisacker, Road Commission – Disability Re-examination

All in favor, motion carried.

**Attorney Report**

Mr. Michaud discussed the letter his firm submitted dated May 15, 2008 regarding the increase in legal services. The firm has not increased their rates since April 1, 2002. Motion by Bill Sisk, supported by Pam Jones to accept, place on file and approve the increase. All in favor, motion carried.

Mr. Michaud has submitted the litigation updates if there are any questions.

Mr. Michaud is updating the policy and procedure manual as discussed by the administrative policy committee. He suggested that the Board also adopt a Public Relations Policy due to the Dealing with the Media session at the 2008 MAPERS Spring Conference. Mr. Sisk thinks that this is a good idea. Mr. Michaud will draft the resolution and meet with the administrative policy committee for to review.

**Consultant's Report**

Mr. Galanis reviewed the evaluation update for the period ending May 31, 2008. The Retirement System was up \$319,450.23 from the April 30, 2008 valuation. Fund is now valued at \$184,608,700.30. Investment gains are almost \$1 million before cash disbursements.

Mr. Galanis would like the Board to invest in a 130/30 manager, specifically Diamond Hill Capital Management, Inc. They are a publicly traded firm and have \$5.1 billion assets under management. Mr. Galanis suggests the money be taken from NWQ Large Value and Brandywine Large Value so that these two firms have the same amount of money to manage. Mr. Thompson believes since this is a new venture, that maybe \$2

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million to start would be better. More money can be given down the road if the Board so desires. Motion by Pam Jones, supported by Jim Davies to take \$2 million from NWQ Large Cap Value and give to Diamond Hill. Clayton Charron voted no with the rest of the board in attendance voting yes. Motion carried.

Mr. Galanis would like to bring in three international growth managers for next month's meeting for the Trustees to review. They have a different style from the current international managers. If hired, the money would be taken from Tradewinds and Templeton. The firms that will make a presentation are Eagle Global, Neuberger Berman and Renaissance. Motion by Jim Davies, supported by Bill Sisk to have the three money managers at the July 28 meeting. All in favor, motion carried.

**Old Business**

- 130/30 Manager – taken care of under Consultant's Report
- Updated Policies & Procedures – taken care of under Legal Report
- Disability Retiree Re-exams
  - Ronald Bitz
  - Sheila Casey – doctor's report under communications
  - Scott Ferguson
  - Roger Lambert – doctor's report under communications
  - Nickolas Musulin – doctor's report under communications
  - Linda Salanick
  - Denise Smith – doctor's report under communications
  - Robert Vanisacker – doctor's report under communications
  - Jerome VanSlambrouck
  - Marie Zion – doctor's report will be on the July 28 agenda
  - David Funk – received his certified letter back. Unable to locate him. Legal suggests the suspension of his pension. Motion by Pam Jones, supported by Jim Davies to suspend his pension. All in favor, motion carried.
  - David Webb – received his certified letter back. Since Mr. Webb is not receiving a pension due to social security disability and workman's compensation offset, no action needs to be taken.
  - Ronald Whited
  - Mark Winter

**New Business**

Mr. Charron will be ending his term as a trustee at the end of this year. William Myers, a retired Deputy will be the trustee from the Retiree Association group. The trustees told Clayton that he will truly be missed.

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**Trustee Comments**

Deb Elmore reported on the Administrative Workshop that she attended at the 2008 MAPERS Spring Conference. She passed out the material that was presented and suggested the Trustees review and consider implementing the annual reviewing of the Professional Staff as suggested in the report.

There are two trustees who have not submitted expense reports for the 2008 NCPERS Annual Conference. Please get these in as soon as possible.

Ms. Elmore also reported that the conference materials for the upcoming 2008 MAPERS Fall Conference arrived in the office today. It will be on the July agenda. Mr. Thompson felt with the registration deadline just a few weeks after our July meeting, he would like to have a motion from the floor on authorization to attend.

Motion by Bill Sisk, supported by Nancy Colpaert to authorize any Trustee, the Secretary and the Retirement Specialist to attend if they so desire. All in favor, motion carried.

Mr. Thompson wanted to make Commissioner Sisk and Commissioner Lievens aware that the Retirement Board has not received the actuarial valuation report from the County that was done for the increase in the retirement multiplier for the Command Officers and the Corrections Officers. The Retirement Board needs to have this report before any increases can be granted. Mr. Sisk said he would make sure the Retirement Board receives the report.

Motion by Jim Morgan, supported by Jim Davies to adjourn. All in favor, motion carried. Meeting adjourned at 7:00 P.M.

Respectfully Submitted,

David Thompson, Chairman  
Monroe County Employees Retirement  
System Board of Trustees